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**SF 512** – Iowa Department of Revenue 2015 Tax Policy Bill (LSB2681SV)  
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Fiscal Note Version – As passed the Senate

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**Description**

**Senate File 512:**

- Expands a current sales/use tax exemption for certain all-terrain and off-road utility vehicles (ATVs). This change is effective July 1, 2015.
- Adds the Director or designee of the Department of Revenue as a nonvoting member of the Flood Mitigation Board.
- Provides an individual income tax exemption for certain payments made to nonresident utility workers. To be exempt from income tax, a payment must be for electric utility training received in Iowa while a nonresident or for emergency response work. This change is effective January 1, 2015.

**Assumptions**

***All-Terrain Vehicle (ATV) Tax Exemption***

- The Department of Revenue estimates that the price of ATVs purchased in Iowa during FY 2016 will average \$7,762. It is assumed this average will increase 2.0% each year.
- Based on data provided by the Department of Natural Resources (DNR), there will be 4,177 new registrations for ATVs in 2016 and future years, and farmers account for 9.5% of registrations of all new ATVs. It is assumed that annually, 397 (9.5%) new ATVs will be made newly exempt from sales/use tax under the provisions of this Bill.
- The State sales tax rate is 6.0%.
- The impact of the provision on local option sales tax (LOST) revenues is estimated using the average statewide rate of 0.87% of taxable sales.
- The estimate does include the sale of used ATVs. However, used ATV sales that are not considered “casual sales” are also subject to sales/use tax and the sales of used ATVs will add an unknown amount to the fiscal impact of the provision.

**Fiscal Impact**

**All-Terrain Vehicle Exemption** - This provision is projected to reduce revenue by the following annual amounts, beginning in FY 2016:

- General Fund Revenue - \$192,000
- Local Option Sales Tax - \$28,000

This estimated fiscal impact does not include the sale of used ATVs that will also benefit from the expanded sales/use tax exemption.

**Flood Mitigation Board Change** - The provision adding the Director or designee of the Department of Revenue to the Flood Mitigation Board has no fiscal impact.

**Nonresident Utility Worker Payments** - This provision is expected to have a minor negative impact on State General Fund revenue.

**Sources**

Iowa Department of Revenue  
Department of Management property tax files  
Legislative Services Agency analysis

/s/ Holly M. Lyons

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June 4, 2015

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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